

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Technology Development Act is amended by  
5 changing Sections 5 and 11 as follows:

6 (30 ILCS 265/5)

7 Sec. 5. Policy. The Illinois General Assembly finds that it  
8 is important for the State to encourage technology development  
9 in the State. The purpose of this Act is to attract, assist,  
10 and retain quality technology businesses and promote the growth  
11 of jobs and entrepreneurial and venture capital environments in  
12 Illinois. The creation of the Technology Development Account  
13 will allow the State to bring together, and add to, Illinois'  
14 rich science, technology, agricultural, financial, and  
15 business communities.

16 (Source: P.A. 92-851, eff. 8-26-02.)

17 (30 ILCS 265/11)

18 Sec. 11. Technology Development Account II.

19 (a) Including ~~In addition to~~ the amount provided in Section  
20 10 of this Act, the State Treasurer shall ~~may~~ segregate a  
21 portion of the Treasurer's State investment portfolio, that at  
22 no time shall be greater than 5% ~~2%~~ of the portfolio, in the

1 Technology Development Account IIa ("TDA IIa"), an account that  
2 shall be maintained separately and apart from other moneys  
3 invested by the Treasurer. Distributions from the investments  
4 in TDA IIa may be reinvested into TDA IIa without being counted  
5 against the 5% 2% cap. The aggregate investment in TDA IIa and  
6 the aggregate commitment of investment capital in a TDA  
7 II-Recipient Fund shall at no time be greater than 5% of the  
8 State's investment portfolio, which shall be calculated as: (1)  
9 the balance at the inception of the State's fiscal year; or (2)  
10 the average balance in the immediately preceding 5 fiscal  
11 years, whichever number is greater. Distributions from a TDA  
12 II-Recipient Fund, in an amount not to exceed the commitment  
13 amount, may be reinvested into TDA IIa without being counted  
14 against the 5% cap. The Treasurer may make investments from TDA  
15 IIa that help attract, assist, and retain quality technology  
16 businesses in Illinois. The earnings on TDA IIa shall be  
17 accounted for separately from other investments made by the  
18 Treasurer.

19 (b) The Treasurer may solicit proposals from entities to  
20 manage and be the General Partner of a separate fund  
21 ("Technology Development Account IIb" or "TDA IIb") consisting  
22 of investments from private sector investors that must invest,  
23 at the direction of the general partner ~~Treasurer~~, in tandem  
24 with TDA IIa in a pro-rata portion. The Treasurer may enter  
25 into an agreement with the entity managing TDA IIb to advise on  
26 the investment strategy of TDA IIa and TDA IIb (collectively

1 "Technology Development Account II" or "TDA II") and fulfill  
2 other mutually agreeable terms. Funds in TDA IIb shall be kept  
3 separate and apart from moneys in the State treasury.

4 (c) All or a portion of the moneys ~~Moneys~~ in TDA IIa shall  
5 ~~may~~ be invested by the State Treasurer to provide venture  
6 capital to technology businesses, including co-investments,  
7 seeking to locate, expand, or remain in Illinois by placing  
8 money with Illinois venture capital firms for investment by the  
9 venture capital firms in technology businesses. "Venture  
10 capital", as used in this Section, means equity financing that  
11 is provided for starting up, expanding, or relocating a  
12 company, or related purposes such as financing for seed  
13 capital, research and development, introduction of a product or  
14 process into the marketplace, or similar needs requiring risk  
15 capital. "Technology business", as used in this Section, means  
16 a company that has as its principal function the providing of  
17 services, including computer, information transfer,  
18 communication, distribution, processing, administrative,  
19 laboratory, experimental, developmental, technical, or testing  
20 services;; manufacture of goods or materials;; the processing  
21 of goods or materials by physical or chemical change;; computer  
22 related activities;; robotics, biological, or pharmaceutical  
23 industrial activities; ~~activity,~~ or technology-oriented  
24 ~~technology-oriented~~ or emerging industrial activity. "Illinois  
25 venture capital firm", as used in this Section, means an entity  
26 that: (1) has a majority of its employees in Illinois (more

1 than 50%) or that has at least one general ~~managing~~ partner or  
2 principal ~~member of the general partner~~ domiciled in Illinois,  
3 and that (2) provides equity financing for starting up or  
4 expanding a company, or related purposes such as financing for  
5 seed capital, research and development, introduction of a  
6 product or process into the marketplace, or similar needs  
7 requiring risk capital. "Illinois venture capital firm" may  
8 also mean an entity that has a track record of identifying,  
9 evaluating, and investing in Illinois companies and that  
10 provides equity financing for starting up or expanding a  
11 company, or related purposes such as financing for seed  
12 capital, research and development, introduction of a product or  
13 process into the marketplace, or similar needs requiring risk  
14 capital. For purposes of this Section, "track record" means  
15 having made, on average, at least one investment in an Illinois  
16 company in each of its funds if the Illinois venture capital  
17 firm has multiple funds or at least 2 investments in Illinois  
18 companies if the Illinois venture capital firm has only one  
19 fund. In no case shall more than 15% ~~10%~~ of the capital in the  
20 TDA IIa be invested in firms based outside of Illinois.

21 (d) Any fund created by an Illinois venture capital firm in  
22 which the State Treasurer places money pursuant to this Section  
23 shall be required by the State Treasurer to seek investments in  
24 technology businesses seeking to locate, expand, or remain in  
25 Illinois. Any fund created by an Illinois venture capital firm  
26 in which the State Treasurer places money under this Section

1 ("TDA II-Recipient Fund") shall invest a minimum of twice (2x)  
2 the aggregate amount of investable capital that is received  
3 from the State Treasurer under this Section in Illinois  
4 companies during the life of the fund. "Illinois companies", as  
5 used in this Section, are companies that are headquartered or  
6 that otherwise have a significant presence in the State at the  
7 time of initial or follow-on investment. Investable capital is  
8 calculated as committed capital, as defined in the firm's  
9 applicable fund's governing documents, less related estimated  
10 fees and expenses to be incurred during the life of the fund.  
11 For the purposes of this subsection (d), "significant presence"  
12 means at least one physical office and one full-time employee  
13 within the geographic borders of this State.

14 Any TDA II-Recipient Fund shall also invest additional  
15 capital in Illinois companies during the life of the fund if,  
16 as determined by the fund's manager, the investment:

17 (1) is consistent with the firm's fiduciary  
18 responsibility to its limited partners;

19 (2) is consistent with the fund manager's investment  
20 strategy; and

21 (3) demonstrates the potential to create risk-adjusted  
22 financial returns consistent with the fund manager's  
23 investment goals.

24 In addition to any reporting requirements set forth in  
25 Section 10 of this Act, any TDA II-Recipient Fund shall report  
26 the following additional information to the Treasurer on a

1 quarterly or annual basis, as determined by the Treasurer, for  
2 all investments:

3 (1) the names of portfolio companies invested in during  
4 the applicable investment period;

5 (2) the addresses of reported portfolio companies;

6 (3) the date of the initial (and follow-on) investment;

7 (4) the cost of the investment;

8 (5) the current fair market value of the investment;

9 (6) for Illinois companies, the number of Illinois  
10 employees on the investment date; and

11 (7) for Illinois companies, the current number of  
12 Illinois employees.

13 If, as of the earlier to occur of (i) the fourth year of  
14 the investment period of any TDA II-Recipient Fund or (ii) when  
15 that TDA II-Recipient Fund has drawn more than 60% of the  
16 investable capital of all limited partners, that TDA  
17 II-Recipient Fund has failed to invest the minimum amount  
18 required under this subsection (d) in Illinois companies, then  
19 the Treasurer shall deliver written notice to the manager of  
20 that fund seeking compliance with the minimum amount  
21 requirement under this subsection (d). If, after 180 days of  
22 delivery of notice, the TDA II-Recipient Fund has still failed  
23 to invest the minimum amount required under this subsection (d)  
24 in Illinois companies, then the Treasurer may elect, in  
25 writing, to terminate any further commitment to make capital  
26 contributions to that fund which otherwise would have been made

1 under this Section.

2 (e) Notwithstanding the limitation found in subsection (d)  
3 of Section 10 of this Act, the investment of the State  
4 Treasurer in any fund created by an Illinois venture capital  
5 firm in which the State Treasurer places money pursuant to this  
6 Section shall not exceed 15% of the total TDA IIA account  
7 balance ~~investments in the fund.~~

8 (f) (Blank). ~~The State Treasurer shall not invest more than~~  
9 ~~one third of Technology Development Account II in any given~~  
10 ~~calendar year. If in any calendar year less than one third of~~  
11 ~~Technology Development Account II is invested, 50% of the~~  
12 ~~shortfall may be invested in the following calendar year in~~  
13 ~~addition to the regular one-third investment.~~

14 (g) The Treasurer may deposit no more than 10% of the  
15 earnings of the investments in the Technology Development  
16 Account IIA into the Technology Development Fund.

17 (Source: P.A. 97-197, eff. 7-25-11.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.